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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 1992 **Commission File Number 0-10248**

PONAR CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**11-2464137**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

110 Marcus Drive Melville, New York	**11747**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(516) 694-2929**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Class	Outstanding at March 31, 1992
Common Stock, par value $.0001	21,726,456
Class B Common Stock, par value $.0001	3,202,189

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POMAR CORPORATION AND SUBSIDIARIES
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PONAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(000's OMITTED)

ASSETS	March 31, 1992 (UNAUDITED)	June 30, 1991
Current Assets:		
Cash	$ 45	$ 534
Accounts and notes receivable, net of allowance for doubtful accounts of $ 1,639	6,275	6,185
Accounts receivable from affiliates	400	400
Costs and estimated earnings in excess of billings on uncompleted contracts (Note C)	2,822	3,109
Inventories (Note B)	4,278	2,954
Assets held for resale	1,444	2,487
Other current assets	2,225	3,153
Total current assets	17,489	18,822
Property and equipment, at cost	12,799	12,872
Less accumulated depreciation and amortization	(8,981)	(7,975)
	3,818	4,897
Investment in and receivables from affiliates, net of allowance of $ 1,000	4,325	2,242
Cost of acquired technology and license, patents and software development costs, net	3,107	3,997
Net investment in sales-type leases	10,116	8,914
Other assets	809	1,406
	$ 39,664	$ 40,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ 1,743	$ 1,489
Current maturities of long-term debt and capital lease obligations	5,223	6,401
Accounts payable	2,741	3,912
Billings in excess of costs and estimated earnings on uncompleted contracts (Note C)	263	1,208
Accrued expenses, customer advances and other current liabilities	11,347	9,332
Total current liabilities	21,317	22,342
Long-term debt and capital lease obligations less current maturities	5,463	7,323
Other liabilities	493	717
	5,956	8,040
Stockholders' Equity (Note D)	12,391	9,896
	$ 39,664	$ 40,278

See notes to condensed consolidated financial statements.

FONAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(000's OMITTED, except per share data)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1992	1991
REVENUES	$ 4,499	$ 4,674
COSTS AND EXPENSES:		
Cost of revenues	1,915	2,090
Research and development	775	1,077
Selling, general and administrative	1,353	1,112
Income from operations	456	395
Other (income) expenses, net	69	(598)
Income before provision for income taxes and extraordinary credit	387	993
Provision for income taxes	-	-
Income before extraordinary credit	387	993
Extraordinary credit - tax benefit of net operating loss carryforwards	-	-
NET INCOME	$ 387	$ 993
Net Income per common share:		
Income before extraordinary credit	$ .02	$ .04
Extraordinary credit	.00	.00
Net Income per common share	$ .02	$ .04
Weighted average number of common shares outstanding	24,929	22,426

See notes to condensed consolidated financial statements.

FONAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(000's OMITTED, except per share data)

	FOR THE NINE MONTHS ENDED MARCH 31,	
	1992	1991
REVENUES	$ 14,961	$ 15,213
COSTS AND EXPENSES:		
Cost of revenues	6,593	6,583
Research and development	2,360	2,866
Selling, general and administrative	4,597	3,880
Income from operations	1,411	1,884
Other (income) expenses, net	(81)	(1,342)
Income before provision for income taxes and extraordinary credit	1,492	3,226
Provision for income taxes	-	-
Income before extraordinary credit	1,492	3,226
Extraordinary credit - tax benefit of net operating loss carryforwards	-	-
NET INCOME	$ 1,492	$ 3,226
Net Income per common share:		
Income before extraordinary credit	$ .06	$ .14
Extraordinary credit	.00	.00
Net Income per common share	$ .06	$ .14
Weighted average number of common shares outstanding	24,929	22,426

See notes to condensed consolidated financial statements.

FOHAR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(000'S OMITTED)

	FOR THE NINE MONTHS ENDED MARCH 31,	
	1992	1991
Operating activities:		
Net Income	$ 1,492	$ 3,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,965	2,147
(Increase) decrease in operating assets, net: accounts and notes receivable, inventories, other current assets, costs and estimated earnings in excess of billings on uncompleted contracts and assets held for resale	(22)	(858)
Increase (decrease) in operating liabilities, net: accounts payable, accrued expenses and other current liabilities, billings in excess of costs and estimated earnings on uncompleted contracts and other liabilities	(324)	(1,604)
Net cash provided by operating activities	3,111	2,911
Investing activities:		
Purchases of property and equipment, net of capital lease obligations	(320)	(277)
Investment in and receivables from affiliates	(1,671)	(8)
Cost of acquired technology and license, patents and software development costs	-	-
Net cash used by investing activities	(1,991)	(285)
Financing activities:		
Proceeds from borrowings, net of capital lease obligations	-	-
Repayment of borrowings and capital lease obligations	(2,803)	(2,257)
Increase in investment in sales-type leases	(1,000)	(1,300)
Collection of principal on sales-type leases	665	2,312
Issuance of common stock and warrants and collection of stockholder notes, net	932	96
(Increase) Decrease in other assets	597	(1,625)
Net cash used in financing activities	(1,609)	(2,774)
Decrease in Cash	(489)	(148)
Cash at beginning of period	534	948
Cash at end of period	$ 45	$ 800

See notes to condensed consolidated financial statements.

FONAR CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10Q and Article 10 of Regulation S-K. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal adjusting accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended March 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ended June 30, 1992. For further information, refer to the Company's consolidated report on Form 10-K for the fiscal year ended June 30, 1991.

NOTE B - INVENTORIES

The components of inventory consist of:	(000's OMITTED)	
	March 31, 1992	June 30, 1991
Purchased parts components and supplies	$ 1,568	$ 1,083
Work in process	2,710	1,871
	$ 4,278	$ 2,954

NOTE C - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Uncompleted contracts are comprised of:	(000's OMITTED)	
	March 31, 1992	June 30, 1991
Costs incurred on uncompleted contracts	$ 2,221	$ 3,173
Estimated earnings	1,842	3,496
	4,063	6,669
Less: billings to date	(1,504)	(4,768)
	$ 2,559	$ 1,901

Uncompleted contracts have been individually netted and are reported as follows:		
Costs and estimated earnings in excess of billings on uncompleted contracts-short term	$ 2,822	$ 3,109
Billings in excess of costs and estimated earnings on uncompleted contracts	(263)	(1,208)
	$ 2,559	$ 1,901

NOTE D - STOCKHOLDERS' EQUITY

Stockholders' Equity is comprised of:

	(000'S OMITTED) March 31, 1992	June 30, 1991
Common Stock $.0001 par value; 50,000,000 shares authorized; 21,726,456 outstanding at March 31 and 19,764,540 at June 30.	$ 2	$ 2
Class B Common Stock $ .0001 par value; 4,000,000 shares authorized, 3,202,189 outstanding at March 31 and at June 30.	-	-
Preferred Stock $ .001 par value 10,000,000 shares authorized.	-	-
Additional paid-in capital	32,651	31,786
Accumulated deficit	(19,388)	(20,880)
Unearned compensation	-	(70)
Notes receivable - stockholders	(479)	(547)
Treasury stock - 108,864 shares	(395)	(395)
	$ 12,391	$ 9,896

Item 2. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

For the first nine months of fiscal 1992, the Company reported net income of $1.5 million on revenues of $15.0 million as compared to net income of $3.2 million on revenues of $15.2 million for the corresponding period of the prior fiscal year.

For the third quarter of fiscal 1992, the Company reported net income of $ 387,000 on revenues of approximately $4.5 million, as compared to net income of $ 993,000 on revenues of approximately $4.7 million for the corresponding period for the prior fiscal year.

The continuing profitability of the Company operations is the result of new programs the Company set in motion in fiscal 1989; namely strict cost containment initiatives, the redirecting of corporate business into more profitable enterprises, and the paying down of interest bearing debt. The corporate enterprises in addition to manufacturing that were targeted for development in fiscal 1990 because of their enhanced profitability and from which the Company continues to prosper in fiscal 1992 were customer service, upgrades, fee-for-service and scanning center management.

Significant upgrade income, an income resource new to the medical instrument industry, derives in large part from the exceptional versatility and productivity of the MRI technology.

Accordingly, during the current fiscal year, the Company has continued the program for upgrading previously installed scanners and derived significant upgrade income. In conjunction with this program, significant research and development programs have been continued, which emphasize the development of new features for the Company's scanner upgrade program. More specifically, products derived from the Company's new "Ultimate MR" scanner are expected to generate significant upgrade revenue throughout fiscal 1992 as customers upgrade their existing scanners rather than take on new debt to purchase a new scanner at a time when there is a growing aversion to new debt in the marketplace. The "Ultimate" program enables existing FONAR users to benefit from the improved image quality and high speed imaging of the Ultimate at a fraction of the cost of a new scanner.

Liquidities and Capital Resources

At March 31, 1992, the Company's liquidity and capital resources positions changed from the June 30, 1991 position as follows:

	March 31, 1992	June 30, 1991	Change
Working capital (deficiency)	($ 3,828,000)	($ 3,520,000)	($ 308,000)
Stockholder's equity	$12,391,000	$ 9,896,000	$ 2,495,000

Total liabilities were reduced since June 30, 1991 by approximately $3.1 million to approximately $27.3 million. Corporate net worth increased by $1.4 million to $12.4 million over the second quarter and $2.5 million since June 30, 1991.

Although vendor and creditor payment obligations continue to run beyond normal payment terms, cash flows from the Company's operations (which includes advance payments from customers) provided the working capital necessary to maintain scanner system deliveries and have enabled the Company to reduce its past due payment obligations.

Since June 1989, a principal objective of the Company has been to reduce and ultimately eliminate its debt. Since the inception of the plan, interest bearing debt was reduced from $23.1 million in fiscal 1989 to $18.5 million in fiscal 1990. Through June 30, 1991 interest bearing debt was reduced by an additional $3.3 million to $15.2 million. Continuing this program in the nine months since June 30, 1991, the Company has reduced its interest bearing debt an additional $2.8 million to $12.4 million.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings: No material changes in litigation for the first nine months of fiscal 1992 from that described in Form 10-K for the fiscal year ended June 30, 1991.

Item 2 - Changes in Securities: None

Item 3 - Defaults Upon Senior Securities: None

Item 4 - Submission of Matters to a Vote of Security Holders: None

Item 5 - Other Information: None

Item 6 - Exhibits and Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FONAR CORPORATION
(Registrant)

Dated: May 19, 1992

By: Raymond V. Damadian

Raymond V. Damadian
President & Chairman